

Step 502 is followed by step 504, in which the merchant activation routine 24 computes a reserve requirement for the applicant. Step 504 is followed by step 506, in which the merchant activation routine 24 computes a risk adjusted pricing requirement for the applicant. As noted above, the applicant's credit risk score and preference for risk adjustment measures are preferably taken into account when computing these risk adjustment measures. Step 506 is followed by step 508, in which the merchant activation routine 24 displays the high risk terms and conditions, including the risk adjustment measures, to the applicant for acceptance.

Page 20, delete Paragraph 2 and replace with the following:

FIG. 7 is a logic flow diagram illustrating routine 324 for configuring the master account file 28 and the point-of-sale terminal 16. Routine 324 follows the "YES" branch from step 320 shown on FIG. 3. In step 702, the merchant activation routine 24 may generate the MID/TID identification information, or alternatively the merchant activation routine 24 may trigger the main computer 26 to generate the MID/TID identification information. In either case, step 702 is followed by step 704, in which the identification information is configured into the master account file 26. Step 704 is followed by step 706, in which the service features are configured into the master account file 26.

Page 25, delete Paragraphs 3 and 4, and replace with the following:

For example, data fields 1202-1214 can prompt the merchant to enter business sales data and information as follows. Field 1202 prompts the merchant to enter a total cash and credit sales amount. Field 1204 prompts the merchant to enter a local or state sale tax percentage. Field 1206 prompts the merchant to select the merchant's credit card refund policies, such as exchange, store credit, or refund, by clicking on a corresponding check box. If a refund is offered under the merchant's credit card refund policies, then field 1208 permits the merchant to select the time period to submission, such as 0-3 days, by clicking on and pulling down a pull down box menu. Field 1210 prompts the merchant to enter credit card sales submission information, such as the date of order, by clicking on and pulling down a pull down box menu. Field 1212 prompts the merchant to enter an amount of annual credit card sales. Field 1214 prompts the merchant to enter an average sales amount.

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After the merchant has input data into a predetermined minimum number of fields **1202-1214**, the merchant computer **18** sends the merchant's data to the Internet server **22**. The Internet server **22** receives the merchant's data from the business sales data and information input screen **1200** and continues the application process as described in FIGS. 13-21.

Pages 28 and 29, delete Paragraph 3 starting on Page 28, and replace with the following:

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For example, data fields **1602-1624** can prompt the merchant to enter bank reference information as follows. Field **1602** prompts the merchant to enter a bank name. Field **1604** prompts the merchant to enter a street address. Field **1606** prompts the merchant to enter a city for the street address. Field **1608** prompts the merchant to enter a state for the street address. Field **1610** prompts the merchant to enter a postal zip code for the street address. Field **1612** prompts the merchant to enter a telephone number. Field **1614** prompts the merchant to enter a bank contact name. Field **1616** prompts the merchant to enter a date indicating when the bank relationship began. Field **1618** prompts the merchant to indicate whether the merchant is a borrower, such as a yes or no response, by selecting a corresponding radio button. Field **1620** prompts the merchant to enter an amount indicating the average balance held by the bank. Field **1622** prompts the merchant to enter an amount indicating the total loan/credit facilities. Field **1624** prompts the merchant to enter an amount indicating the total of other business/personal account finances.

Pages 29 and 30, delete Paragraph 5 starting on Page 29 and replace with the following:

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FIG. 18 is an illustration of a display screen for receiving transaction processing type information in a merchant account activation routine. The Internet server **22** continues the application process by displaying a bank reference information input screen **1800** permitting the merchant to input credit card processing information or data into one or more preselected data fields **1802-1822** or blanks.

Page 30, delete Paragraph 1 and replace with the following:

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For example, data fields **1802-1822** can prompt the merchant to enter credit card processing information as follows. Fields **1802-1814** prompt the merchant to select a credit card type, such as Mastercard, VISA, American Express, Discover,

07 5 Diner's Club, JCB, or a debit card, by clicking on a corresponding check box. If the merchant selects American Express as a credit card type, the fields **1816-1818** prompt the merchant for further information regarding the desired American Express account, such as the need to apply for an American Express account or having an pre-existing account, by clicking on a corresponding radio button. If the merchant indicates that a pre-existing account has been opened, then field **1820** prompts the user to enter the existing account number. Similarly, if the merchant selects Discover as a credit card type, then field **1822** prompts the user to enter the existing account number.

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Page 31, delete Paragraph 2 and replace with the following:

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08 10 At the lower portion of the credit card processing display screen **1900**, a navigation button bar **1926** presents the merchant buttons corresponding to application process steps, such as general info, business reference, funding info, choose processing types, order equipment, service fees, submit, and cancel. If the merchant selects one of the buttons in the navigation button bar **1926**, a corresponding display page or webpage will be presented to the merchant. Examples of each of the application process step display pages or webpages are shown and described in FIGS. 8-21.

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Page 41, delete the paragraph and replace with the following:

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09 20 A merchant account activation system that includes an Internet server that works in conjunction with a master account file operating on a mainframe computer and an expert computer system that is used to configure point-of-sale terminals. Many of the steps of the activation procedure are performed by a merchant activation routine running on the Internet server, which allows a merchant to apply for a merchant account during an on-line session conducted with the Internet server. The merchant activation routine obtains application information from the applicant during an on-line session, conducts a credit check and "scores" the application as a credit risk during the on-line session. If the application is approved, the merchant activation routine displays a fee schedule and associated terms and conditions to the applicant for acceptance. In response to merchant acceptance of the terms and conditions of a merchant account during an on-line session, the merchant activation routine or an associated computer operated by the acquirer generates identification information associated with the merchant account and the point-of-sale terminal, such as a